(b) if so, the details thereof and the terms and conditions of the proposal and the agreement; and

(c) how far the proposal would help petroleum sector of our country?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL):

(a) Presently, GAIL (I) Ltd. does not have a proposal for setting up a petrochemical plant in Russia in Joint Venture with Lukoil.

(b) and (c) In view of the above, do not arise.

Impact of rising international crude prices on subsidy

†824. SHRI MANGANI LAL MANDAL: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether it is a fact that on account of day to day increase in crude prices in international market, Government has to incur huge sum as payment of subsidy each year for keeping in check prices of petro products in the country; and

(b) if so, what are Government's views thereto alongwith details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF PETROLEUM AND NATURAL GAS (SHRI DINSHA J. PATEL): (a) and (b) As passing on the entire impact of the steep increase in the oil prices to the consumers would have resulted in hardship to the common man, as the retail selling prices of petrol, diesel, PDS Kerosene and domestic LPG have not been corresponding to the increase in the prices of crude oil and petroleum products in the international market.

The Public Sector Oil Marketing Companies (OMCs) are therefore incurring under-recoveries on domestic sale of these products. The OMCs have incurred gross estimated under-recoveries of Rs. 26,363 crore (Prov.) on sale of these products during the period Apr-Sept' 07. The under-recoveries are without considering oil bonds, upstream assistance and refinery discounts.

The Government has adopted the principle of equitable burden sharing between the Government and the oil PSUs to protect the interest of vulnerable sections of society. In this context, Government has issued oil bonds to the extent of Rs. 11,500 crore and Rs. 24,121 crore during the years 2005-06 and 2006-07 respectively to OMCs as part of compensation for the under-recoveries incurred by them. For the year 2007-08, Government has approved the issuance of oil bonds to the tune of 42.7% of total estimated under-recoveries.

Study for pruning cost/expenditure in oil sector

825. SHRI RAVULA CHANDRA SEKAR REDDY: Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Ministry has decided to carry out a study of areas where oil costs can be pruned and how marketing expenditures can be spent effectively;

(b) if so, the details of such study made so far;

(c) whether there has been any expansion of retail network or whether there has to be upgrading or revamping of the existing retail network of petroleum and natural gas;

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†Original notice of the question was received in Hindi.